

# EXHIBIT 12



# **FORM 8-K**

## **LUMINENT MORTGAGE CAPITAL INC - LUM**

**Filed: November 19, 2007 (period: November 16, 2007)**

Report of unscheduled material events or corporate changes.

Item 7.01. Regulation FD Disclosure.

Item 9.01. Financial Statements and Exhibits.

SIGNATURE

EX-99.1 (EXHIBIT 99.1)

EX-99.2 (EXHIBIT 99.2)

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 8-K**  
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report  
(Date of earliest event reported)  
November 16, 2007

**Luminent Mortgage Capital, Inc.**

(Exact name of registrant as specified in its charter)

<u>Maryland</u> (State or other jurisdiction of incorporation)	<u>001-31828</u> (Commission File Number)	<u>06-1694835</u> (I.R.S. Employer Identification No.)
<u>101 California Street, Suite 1350</u> <u>San Francisco, California</u> (Address of principal executive offices)		<u>94111</u> (Zip Code)

Registrant's telephone number, including area code: (415) 217-4500

N/A  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 7.01. Regulation FD Disclosure.

On November 19, 2007, Luminent Mortgage Capital, Inc. will be conducting a conference call to update investors on recent developments in Luminent's status on issues caused by disruptions in the mortgage industry. A copy of the highlights of the items the Company intends to discuss is furnished as Exhibit 99 to this report.

Item 9.01. Financial Statements and Exhibits.

<u>Exhibit No.</u>	<u>Exhibit Description</u>
99.1	Luminent Mortgage Capital, Inc., Status Update
99.2	Announcement of conference call

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LUMINENT MORTGAGE CAPITAL, INC.

By: /s/ S. Trezevant Moore

Name: S. Trezevant Moore

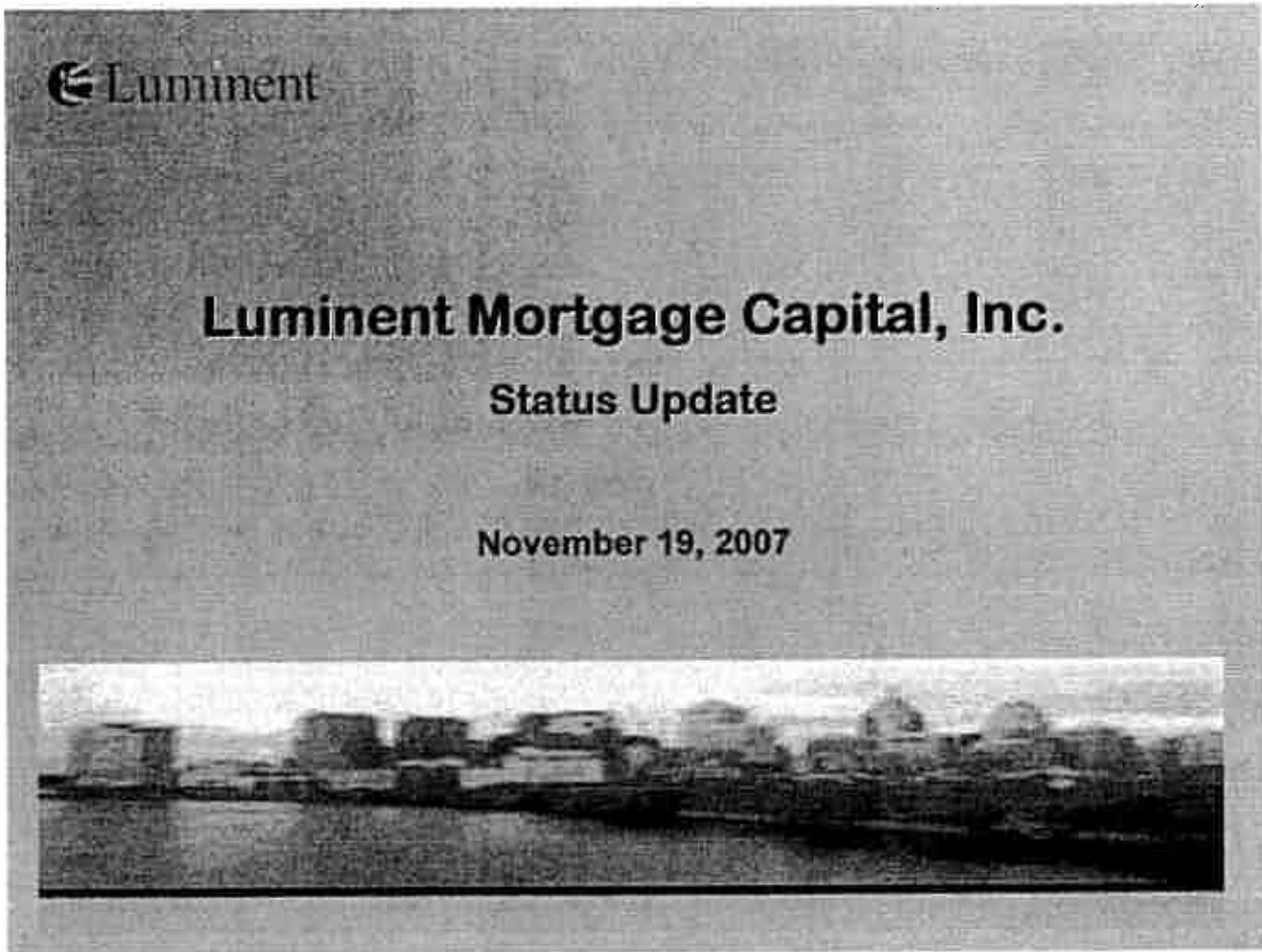
Title: Chief Executive Officer

Date: November 19, 2007

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Exhibit 99.1



## Forward Looking Information

This presentation contains forward-looking statements that predict or describe future events or trends. The matters described in these forward-looking statements are subject to known and unknown risks, uncertainties and other unpredictable factors, many of which are beyond Luminent's control and are based on the information currently available to Luminent's management. Luminent faces many risks that could cause its actual performance to differ materially from the results expressed or implied by its forward-looking statements, including, without limitation, the possibilities that interest rates may change, that principal payment rates may change, that mortgage-backed securities or mortgage loans may not be available for purchase or may not be saleable on favorable terms, that borrowings to finance the purchase of assets may not be available on favorable terms, that Luminent may not be able to maintain its dividend or the yield on its common stock, that Luminent may not be able to maintain its qualification as a REIT for federal income tax purposes, that Luminent may experience the risks associated with investing in real estate, including changes in business conditions and the general economy, that Luminent's business strategy to purchase mortgage loans for securitization may not be successful and that Luminent's strategies may not be effective (including portfolio management and hedging strategies to protect net interest spreads). Luminent's filings with the Securities and Exchange Commission contain a more complete description of these and many other risks to which Luminent is subject. Because of those risks, Luminent's actual results, performance or financial condition may differ materially from the results, performance or financial condition contemplated by its forward-looking statements. The information set forth in this presentation represents management's current expectations and intentions. Luminent assumes no responsibility to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.



## Background

- Luminent has suffered significant disruptions to its business, results of operations and prospects and, as a result, has experienced significant and material losses during the third quarter, and continues to experience material losses in the fourth quarter due to the prevailing market conditions.
- There has been a dramatic reduction in market liquidity and mortgage-backed security prices, caused by subprime mortgage underperformance.
- Luminent held \$3.4 billion of mortgage-backed securities as of June 2007. Luminent and other market participants experienced massive unexpected margin calls, including unprecedented calls on AAA-rated LIBOR floating rate securities, which constituted 69% of Luminent's mortgage-backed securities portfolio as of June 30, 2007.
- Other portfolio segments, such as whole loans and mortgage-backed securities rated below AAA, have been affected by market events as well.
- Luminent's asset-backed commercial paper could not be rolled over, causing liquidity crisis for the company in early August.
- On August 6<sup>th</sup>, Luminent suspended payment of the dividend it declared in second quarter.
- Between August 7<sup>th</sup> and August 9<sup>th</sup>, eight repo lenders declared Luminent in default of repo agreements in the amount of approximately \$1.5 billion.
- Cross defaults occurred on Luminent's convertible senior notes.
- Several purported class action and derivative lawsuits have been initiated against the company and certain officers and directors.
- On October 4<sup>th</sup>, Deloitte and Touche LLP resigned as our independent registered public accounting firm.

## Steps Taken

### Arco – Strategic Relationship

August 14 <sup>th</sup> -21 <sup>st</sup>	<p>Luminent and Arco initiate transactions under a Letter of Intent including:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Arco arranges for \$65 million of repo financing to Luminent</li> <li><input type="checkbox"/> Arco lends Luminent \$18.2 million pursuant to a secured interim credit agreement</li> <li><input type="checkbox"/> Arco receives warrants to purchase up to 49% of the voting interest and 51% of the economic interest of Luminent.</li> </ul>
September 12 <sup>th</sup>	Arco lends Luminent an additional \$5 million by amending the secured interim credit agreement.
September 21 <sup>st</sup>	Arco lends Luminent an additional \$10 million by amending the secured interim credit agreement.
September 26 <sup>th</sup>	<p>Completed amendment and restatement of credit agreement with Arco, providing for a secured revolving line of credit with a five-year maturity subject to terms, conditions and limitations.</p> <p>Arco lends Luminent an additional \$10 million at completion of definitive agreement.</p>
November 16 <sup>th</sup>	Arco lends Luminent an additional \$3 million under the credit agreement.
Additional Steps	<p>Arco provided a limited guarantee with regard to possible future excess margin deficit payments through the remainder of 2007 to support repurchase obligations entered into as part of clearing asset-backed commercial paper liabilities.</p> <p>After signing amended and restated credit agreement with Arco, Luminent increased its Board of Directors from eight to nine and appointed four new Arco-designated members, including Craig Cohen, the new Chairman of the Board.</p>

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 Luminent

## Steps Taken

### Asset Sales/Financing Arrangements

July/August	Sold mortgage-backed securities with amortized cost of approximately \$1.9 billion at a loss of approximately \$114 million.
August	Transferred mortgage-backed securities with amortized cost of approximately \$207 million to one repo lender to satisfy margin calls in full.
August	Two repo lenders seized mortgage-backed securities with amortized cost of approximately \$172 million to satisfy margin calls.
August	Sold whole loans with an amortized cost of approximately \$1 billion at a loss of approximately \$39 million to satisfy warehouse debt in full. Two loans, without any debt attached, remain on Luminent's balance sheet.
September	Repaid asset-backed commercial paper facility in full.
September	Sold additional mortgage-backed securities with amortized cost of approximately \$600 million at a material loss.
October/November	Luminent initiated lawsuits against two repo lenders for assigning unreasonably low values to bonds posted as collateral for the repos.



## Steps Taken

### Other

- |                            |   |
|----------------------------|---|
| August 6th                 | Suspended payment of dividend declared in second quarter of 2007. Luminent is currently considering various options related to the payment of the dividend.   |
|                            | Extended term of maturing asset-backed commercial paper facility notes (now fully repaid).  |
| August 31 <sup>st</sup>    | Initiated personnel changes including downsizing workforce by nearly half and entered into retention agreements with key personnel as part of strategic reorganization efforts.                       |
| September 25 <sup>th</sup> | Announced closure of the San Francisco office in order to consolidate operations with the existing Philadelphia office, as part of our strategic reorganization efforts.                              |
| October 22 <sup>nd</sup>   | Chris Zyda, Chief Financial Officer, resigns, effective December 31, 2007, because of Luminent's relocation to Philadelphia. Karen Chang, Controller, will become Chief Financial Officer in January. |
| November 6 <sup>th</sup>   | The trustee of Luminent's convertible senior notes acknowledged that Luminent has remedied the conditions that gave rise to the event of default under the indenture.                                 |
| November 9 <sup>th</sup>   | Grant Thornton LLP was appointed by the Board of Directors as our independent registered public accounting firm.  |
- Form 10-Q for the quarterly period ended September 30, 2007 will be filed after Grant Thornton completes its review procedures.



## Further Information

Much of the information in this presentation is available in Form 8-K and Form 10-Q filings Luminent made with the Securities and Exchange Commission between August 6, 2007 and November 13, 2007. Copies of these filings, which contain further information on some of the topics included in this presentation, can be obtained from the Securities and Exchange Commission website at [www.sec.gov](http://www.sec.gov).

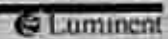


Exhibit 99.2

**Contact:**

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 Chief Financial Officer  
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 Email: [ir@luminentcapital.com](mailto:ir@luminentcapital.com)

**LUMINENT MORTGAGE CAPITAL, INC. SCHEDULES CONFERENCE CALL TO  
 PROVIDE AN UPDATE TO INVESTORS ON RECENT DEVELOPMENTS IN LUMINENT'S STATUS ON  
 ISSUES CAUSED BY DISRUPTIONS IN THE MORTGAGE INDUSTRY**

**SAN FRANCISCO, CA November 16, 2007** – Luminent Mortgage Capital, Inc. (NYSE: LUM) today announced that S. Trezevant Moore, Chief Executive Officer of the Luminent, will be conducting a conference call on November 19, 2007 at 10:30 AM EST to update investors on recent developments in Luminent's status on issues caused by disruptions in the mortgage industry.

The dial-in number is 1-866-578-5801 and the passcode is 92515472. A replay of the call will be available through November 30, 2007. The replay number is 1-888-286-8010 and the passcode is 10503704. The international dial-in number is 1-617-213-8058 and the passcode is 92515472. The international replay number is 1-617-801-6888 and the passcode is 10503704.

This news release and Luminent's filings with the Securities and Exchange Commission contain forward-looking statements that predict or describe future events or trends. The matters described in these forward-looking statements are subject to known and unknown risks, uncertainties and other unpredictable factors, many of which are beyond Luminent's control and are based on the information currently available to Luminent's management. Luminent faces many risks that could cause its actual performance to differ materially from the results expressed or implied by its forward-looking statements, including, without limitation, the possibilities that interest rates may change, that principal payment rates may change, that mortgage-backed securities or mortgage loans may not be available for purchase on favorable terms, that borrowings to finance the purchase of assets may not be available on favorable terms, that Luminent may not be able to maintain its dividend or the yield on its common stock, that Luminent may not be able to maintain its qualification as a REIT for federal income tax purposes, that Luminent may experience the risks associated with investing in real estate, including changes in business conditions and the general economy, that Luminent's recently adopted business strategy to purchase mortgage loans for securitization may not be successful, and that Luminent's strategies may not be effective (including portfolio management and hedging strategies and strategy to protect net interest spreads). Luminent's filings with the Securities and Exchange Commission contain a more complete description of these and many other risks to which Luminent is subject. Because of those risks, Luminent's actual results, performance or financial condition may differ materially from the results, performance or financial condition contemplated by its forward-looking statements. The information set forth in this news release represents management's current expectations and intentions. Luminent assumes no responsibility to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

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